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April 8, 2014

BY ECF

The Honorable Jesse M. Furman
United States District Court
Southern District of New York
40 Foley Square, Room 2202
New York, New York 10007

Re: United States v. Noah Siegel
1:13 Cr. 268 (JMF)

Dear Judge Furman:

The Government respectfully writes in advance of the defendant's sentencing, currently scheduled for April 10, 2014.

The Offense Conduct

The Nahmad-Trincher Organization was a nationwide criminal organization with leadership based in Los Angeles, CA and New York City. (PSR ¶ 25.). This organization ran a high-stakes, illegal gambling business that catered primarily to multi-millionaire and billionaire clients. (*Id.*) The Nahmad-Trincher Organization utilized several online gambling websites that operated illegally in the U.S. (*Id.*) Additionally, the organization engaged in various forms of money laundering to conceal their illegal gambling proceeds and to evade tax reporting requirements. (*Id.*) Gambling proceeds were also reinvested to perpetuate, promote, and facilitate the gambling operation. (*Id.*)

Siegel primarily participated in the sports-betting portion of the Nahmad-Trincher Organization. (PSR ¶ 29.). Siegel advised the group on which bets against bookmakers and other bettors he thought it should make. (*Id.*) The betting group led by Nahmad and Trincher engaged in some bookmaking activity. (*Id.*) With respect to the bookmaking activity, Siegel derived a relatively small percentage of its profits and losses (typically between 3-4 percent). He did not find the bettors, he did not set the odds, and he did not fund the bets. (*Id.*)

Although not an owner of the illegal gambling business, like Nahmad and Illya Trinchler, Siegel was heavily involved in the operation of the Nahmad-Trinchler Organization's illegal sports gambling business. For example, during a phone call on February 6, 2012, among Siegel, Helly Nahmad and Illya Trinchler, the following exchange took place, in part:

Nahmad: So guys, guys, ohh Illya, I told Noah to do whatever he wants with DA, to like lower his rent, his pay until we know what to do.

Siegel: What do you guys want to, he's [UI].¹

I. Trinchler: I have an idea, Helly, he can work for the plumbing company in the off season and we will pay his salary (laughs).

Nahmad: No, no, I am serious by the way.

I. Trinchler: I am dead serious too, he can work for the plumbing company.

Nahmad: Ok so you, so take him off my books then I don't give a fuck.

(Laughter)

I. Trinchler: (Laughing) I am going to talk to John about hiring him.

Nahmad: Yo.

Siegel: Yeah but how much does he get paid, weekly then?

I. Trinchler: Laughter, we'll figure it out, hang on, Noah I have to run right now, I have to go downstairs.

Nahmad: Fine so Noah just fire him from our company.

(Laughter)

Nahmad: Oh by the way, by the way, by the way, Illya, Illya, Illya the 200 that we won in the prop (ph).

¹ UI means unintelligible.

I. Trinchler: Yeah I gave Eddie 100 but the guy lost 300, how does that work, do I lose 100 and how do I, or do I just mark it that I win 200 and pay Eddie on my own.

Siegel: What propr...was I involved in this [UI].

Nahmad: Yes, no, no, no in the teaser, so we won 300.

I. Trinchler: 390 but I gave Eddie 130 of it.

Nahmad: Ok so we won 260 and Eddie so yeah.

I. Trinchler: He's kind of the guy that started the conversation so he asked him for a third.

Nahmad: It's very simple, it's very simple, Noah only marked down 200 of it right?

Siegel: Right.

Nahmad: So you only marked that we won 260, what you whatever you have to do with Eddie...

I. Trinchler: So basically, on my own I'm gonna collect 390 from this guy and pay Eddie a 100 then.

Nahmad: The only thing is make sure this guy pays you direct not through [Gambler-1].

I. Trinchler: No I will, he's supposed to ahhh he's supposed to he wrote me a check from Canada though, it's a weird...

Siegel: Why did you have me mark it through [Gambler-2]?

I. Trinchler: Cause I we don't have this guy in the company so I thought it would be easier.

Siegel: But why did we put him in.

I. Trinchler: No, no, no, no, it might be a one time thing I don't know.

Nahmad: Put him, put him, put him in Illya Cross (ph).

I. Trinchler: Or [Gambler-3], but just start a new thing, his name is [Gambler-3].

Nahmad: No, no, no, just put it in Illya Cross it's too.

Siegel: No, I'll put it in [Gambler-3] maybe we'll use...

Nahmad: Oh Illya, one more thing please, please, please, please can we collect from [Gambler-4].

I. Trinchler: Yes, yes, yes, he, he's supposed to give me actually 165 in a couple of days.

Nahmad: Like he owes us less than that.

I. Trinchler: He owes me like 100 more.

Nahmad: Ok, ok.

I. Trinchler: So he was supposed to give me 165.

Siegel: So we'll be cleared is what you're saying.

I. Trinchler: I don't know, I don't know what he whether he will or won't.

Siegel: How much does he owe the company Helly?

Nahmad: Like 128 or 130.

Siegel: So we'll be like...

I. Trinchler: And he owes me, he owes me like 120...no like he owes me like 110.

Siegel: Alright whatever, the rest of it will go to you so the first part will go to us the rest will go to you.

I. Trinchler: Yes, yes.

Nahmad: Illya, Illya and then the other thing I want to tell you is please call [Gambler-5] and just be like hey man how are you doing buddy.

I. Trinchler: I will.

Nahmad: Could we pick collect 20? Could we collect 30, you know just...

Siegel: By the way, like what's the deal with your brother Illya?

I. Trinchler: It's nothing, he's not making money right now, he's going back to New York.

Siegel: [U/I]. But he called me and was like hey I'm in Vegas I'm trying to take some pics. What was he betting with? If he doesn't have any money.

I. Trinchler: No, I tried to give him money so he can bet for us. Anything he can bet for us.

Siegel: Yeah, but he called me he didn't say that he was like yeah I wanna I'm like sort of like this game tonight, this NBA game to like just be friendly right? (Laughter)

Siegel: ...yeah, I got a great [U/I]...I'm like what do you mean what...you're actually betting that game in Vegas, yeah it was a great sweat.

I. Trinchler: Did it win?

Siegel: Yeah it won.

I. Trinchler: Nice.

Siegel: I want to get paid from that.

In this above-referenced phone call, Siegel, Nahmad and Illya Trinchler discussed the operation of the Organization's sports gambling business, and in particular an employee, David Aaron ("DA"), who was responsible for getting them online accounts through which to accept and place sports bets. When they discuss "lowering his rent," they're discussing lowering the pay of Aaron as an HMS Sports group employee. They then discuss hiring Aaron as an employee on the books for Titan Plumbing, and Illya Trinchler says he is going to speak to John Hanson, who oversees their interest in Titan Plumbing, about it.² Later in that call, they discussed collecting hundreds of thousands of dollars in gambling debts owed to HMS Sports.

² Titan Plumbing is a company formed by Pete Skyllas, a gambler and a plumber, and Illya Trinchler, to facilitate the repayment by Skyllas of a nearly two million dollar gambling debt to Trinchler. The Government does not allege that Siegel played a role in the formation or attempted liquidation of Titan Plumbing, but this call shows Siegel's knowledge of the company and the level of trust Trinchler puts in Siegel, as the plumbing company is openly discussed with Siegel during this phone call.

They then discuss giving Eddie Ting (“Eddie”), who ran a big underground poker game in New York City, \$100,000 (“100”). They then discuss bettors who place large bets with HMS. When Siegel asks “Why did you have me mark it through [Gambler-2]?,” he is asking why for bookkeeping purposes did Illya Trincher ask Siegel to mark a bet through Gambler-2’s account. Illya Trincher responds that the person who actually placed the bet was a one-off customer, so for bookkeeping purposes, it was entered under Gambler-2. They also discuss collecting \$165,000 (“165”) from Gambler-4, another HMS customer and professional poker player. They also discuss that Eugene Trincher had called Siegel for advice on betting, and Siegel was annoyed because Eugene owes HMS money. Siegel felt that Eugene Trincher should be paying back his debt to the company rather than placing bets, and wanted to get paid for the bets for which Eugene Trincher had won.

In addition to lawfully intercepted phone calls, Siegel’s knowledge of and involvement in the Organization’s illegal gambling business is demonstrated through the HMS Sports bank account, of which Siegel is the signatory. The HMS Sports bank account was used, in part, to pay out and collect debts to and from clients and split profits amongst members, as demonstrated by the following transactions:

- January 5, 2010: \$104,000 received from carsfromusa.com, an online car company used to launder money by money launderers Ilya Rozenfeld and Dmitry Druzhinsky.
- December 16, 2010: Approximately one million dollars received from [Gambler-6].
- April 6, 2011: \$200,000 sent to Pinnacle’s Bank of Taiwan account.
- October 21, 2011: \$100,000 to Illya Trincher
- November 22, 2011: \$65,000 from Illya Trincher.

In addition to HMS Sports, Siegel also participated in a joint betting operation with Illya Trincher, Jonathan Hirsch, Vadim Trincher, Anatoly Golubchik and bettors in Russia to place large bets on sporting events through Pinnacle. Golubchik and Vadim Trincher were able to obtain Pinnacle accounts that could accept really large bets, and Siegel sent bets directly to bettors in Russia to place from these accounts located in Russia. In other words, bettors in Russia were placing the bets fed to them to place by Siegel. For example, during a phone call on May 14, 2012, between Siegel and Illya Trincher, the following exchange took place:

I. Trincher: So what are the Russians stuck. Is there an email for the Russians? Or you just do whatever, you just don’t

Siegel: Yes there was an email that was sent to me.

I. Trinchler: What

Siegel: You have to get Hirsch up, I don't know where Hirsch is, Hirsch has to do the accounting.

I. Trinchler: No shit Piggy

Siegel: He hasn't been able to pick up his phone, I don't understand? He does accounting, he is never available?

I. Trinchler: Yo you have to talk to Hirsch on your own and say yo listen, we are hiring this guy Peter, and this guy Peter can do accounting like if he doesn't fucking step up Peter is going to take over his job too.

Siegel: You should tell him that?

I. Trinchler: But you should tell him that because you, say you're like say you're his friend, come from like a friendly, don't like say like you have been talking to me and like

Siegel: Ok I will tell him.

I. Trinchler: You understand what I am saying, don't be like, don't threaten him, say like I have been talking to Illya and Illya has been saying this you know, something like that.

Siegel: Ok.

I. Trinchler: Don't say, as soon as Peter is hired you could say it

Siegel: I understand

I. Trinchler: Um I mean, we only pay him \$140,000 a year you know, it's not a big deal, haha, you know, he can't even wake up one day a week to fucking do accounting, and then he just lies, he is like, I have been trying to reach [Gambler-7] and he hasn't answered, then I am like that's bullshit, he hasn't tried to ring me once.

- Siegel: I literally speak to [Gambler-7] whenever I want
- I. Trinchler: I am trying to skype him, [Gambler-7] is on skype like 24-7, if he was trying to skype me, he would have skyped me. He is like Justin is not picking up, then like 2 minutes later Justin is like where the fuck is Hirsch, haha.
- Siegel: Oh my god.
- I. Trinchler: Um what did I want to you about Piggy, so what approximately is the Russian's figures, what are the Russian Figures approximately.
- Siegel: I don't know, 1 5, I don't know I have to check with Hirsch, I am not sure.
- I. Trinchler: Well you don't email, how do you check with Hirsch.
- Siegel: 1.5 or 1.6 overall,
- I. Trinchler: But you don't email it, am I right, am I wrong about it, cause I look at the bets
- Siegel: No just log into the account, you want to log into the account, AZ16713.
- I. Trinchler: Oh there is an actual account, no no no that is fine. Um do they still kind of bet the same teams
- Siegel: No they are switching it up now, they don't like going through each other and stuff and they are getting confusing themselves.
- I. Trinchler: Confusing themselves?
- Siegel: They are, they are like, like they are doing different things, switch it up, like different amounts not each hitting the max,
- I. Trinchler: They are showing discipline, piggy

In the above-referenced call, when Illya Trinchler refers to the "Russians," he's referring to Vadim Trinchler and Golubchik setting up some Russian bettors over in Russia to bet with Pinnacle. During the call, Illya Trinchler and Siegel discuss Peter Feldman ("Peter") replacing Jonathan Hirsch as accountant. They also discuss Gambler-7, a bookmaker, and Justin Smith ("Justin"), who helps HMS get online accounts. When Trinchler asked, "what

approximately is the Russian's figures, what are the Russian figures approximately?" Siegel replied, "I don't know, 1.5, I don't know I have to check with Hirsch, I am not sure . . . Just log into the account, you want to log into the account, AZ16713." Siegel told Trinchler he can check the total figure owed to the Russians by logging on to the account at Pinnacle. When he references "1.5" he means \$1.5 million.

The Plea and Applicable Guidelines Range

On December 5, 2013, the defendant pled guilty, pursuant to a plea agreement, to Count Ten of the Indictment which charged him with the transmission of sports wagering information, in violation of Title 18, United States Code, Section 1084. (PSR ¶ 20.).

In its February 20, 2014 Report to the Court, the Probation Department calculates a Guidelines range of six to twelve months' imprisonment. (PSR ¶ 76.). The Government agrees with the Probation Department's Guidelines calculation.

The Appropriate Sentence

Under the factors set forth in 18 U.S.C. § 3553(a), the Government respectfully submits that a sentence within the Guidelines range of six to twelve months' imprisonment is appropriate to reflect the serious nature of the offense. The Nahmad-Trinchler Organization was involved in a variety of illegal gambling activities, including operating a sports book, sponsoring players at illegal poker games, and betting millions of dollars themselves on online gambling websites. Siegel played a critical role in the sports betting portion of the Nahmad-Trinchler Organization. Siegel was referred to as the "Oracle" because had a reputation as being "sharp" in placing bets. Siegel placed bets for the Nahmad-Trinchler Organization through various online gambling websites, but primarily Pinnacle, and millions of dollars of bets were placed every month on sporting events. Siegel's integral role in the sports-betting operation contributed to the overall success of the Nahmad-Trinchler Organization's illegal gambling activities; the profits from Siegel's bets allowed the Organization to accept large bets from bettors and thereby served to perpetuate and facilitate its sports book. Siegel both knew about and profited from the Organization's operation of a sports book: Siegel and others received detailed updated profit and losses for the Organization's gambling activities from Jonathan Hirsch. Specifically, these spreadsheets showed how much each customer of the sports book won or lost and all other outstanding debts and credits of the Organization. Moreover, as signatory of the HMS bank account, Siegel knew that HMS would pay out and collect debts to and from clients. In sum, Siegel's participation in the illegal gambling activities of the Nahmad-Trinchler Organization justifies a Guidelines sentence.

Furthermore, Siegel's illegal sports-betting activities were not limited to the Nahmad-Trinchler Organization; he also conspired with Golubchik, Vadim Trinchler and Illya Trinchler to transmit wagering information in foreign commerce in connection with their joint betting operation in Russia. The scope of Siegel's illegal sports-betting activities – involving

millions of dollars, numerous co-conspirators, and bets and wagering information transmitted internationally – also warrants a Guidelines sentence.

Siegel's argument that he is within or below the strata of betting group defendants who have been sentenced to probation is not persuasive. Both Justin Smith and David Aaron helped HMS get online accounts through which to accept and place sports bets; their role in HMS was far less significant than Siegel's role in placing those bets and deriving a percentage of HMS's profits and losses. Indeed, as demonstrated in the February 6, 2012 call described above, Siegel participated in discussions to lower Aaron's pay as an HMS employee. Siegel was in a higher position at HMS Sports than either Smith or Aaron as HMS employees were, and therefore, should be given a higher sentence than they received.

Under the factors set forth in 18 U.S.C. § 3553(a), the Government respectfully submits that a sentence within the Guidelines range of six to twelve months' incarceration is appropriate given the nature and circumstances of the offense and the need for the sentence, to promote respect for the law and provide general deterrence for further criminal conduct.

Respectfully submitted,

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